

Food Prices and Expenditures

The Consumer Price Index (CPI) for food is projected to rise moderately in the baseline, increasing at an average rate of about 2.1 percent from 2001 to 2011. This compares to a 2.5-percent average rise expected in the CPI for all items, continuing a long-term trend of food prices increasing at slightly less than the general inflation rate. Moderate but steady economic growth with sustained increases in disposable personal income will have a positive impact on consumer demand for food.

Increases in prices for food away from home, which contain a large service component, are being held down by competition in the food industry. As a result, away-from-home prices rise at a moderate annual average rate of about 2.2 percent from 2001 to 2011. Prices for food at home increase about 2.1 percent per year. For foods purchased for consumption at home, the strongest price increases generally occur among the more highly processed foods such as cereals and bakery products. Prices for these foods are related more to the costs of processing and marketing than to the costs of farm commodities and, therefore, rise at a rate closer to the general inflation rate.

Total food expenditures rise at a 3.7-percent average annual rate in the baseline. Expenditures for meals eaten away from home account for a growing share of food spending, reaching nearly 50 percent of total food expenditures by 2011. Growth in expenditures for food eaten away from home will average 4.2 percent a year while expenditures for food at home will rise 3.3 percent annually.

Table 32. Consumer food price indexes and food expenditures baseline

| CPI category | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------------------|------------------------|-------|-------|-------|-------|-------|-------|---------|---------|---------|---------|---------|---------|
| Consumer price indexes: | | | | | | | | | | | | | |
| | <i>1982-84=100</i> | | | | | | | | | | | | |
| All food | 164.1 | 167.9 | 173.4 | 177.5 | 180.7 | 184.7 | 188.3 | 192.5 | 196.8 | 201.1 | 205.5 | 209.8 | 214.3 |
| Food away from home | 165.1 | 169.0 | 173.9 | 179.3 | 182.7 | 186.6 | 190.4 | 194.4 | 198.4 | 202.5 | 206.7 | 211.0 | 215.4 |
| Food at home | 164.2 | 167.9 | 173.8 | 177.0 | 180.1 | 184.2 | 187.7 | 192.1 | 196.5 | 201.1 | 205.6 | 209.9 | 214.4 |
| Meats | 142.3 | 150.7 | 159.4 | 162.4 | 162.6 | 165.4 | 165.5 | 168.0 | 170.6 | 173.3 | 175.3 | 176.8 | 178.1 |
| Beef and veal | 139.2 | 148.1 | 160.5 | 164.5 | 165.3 | 168.9 | 168.7 | 171.3 | 174.2 | 177.1 | 179.1 | 180.6 | 181.7 |
| Pork | 145.9 | 156.5 | 162.2 | 163.3 | 161.9 | 163.0 | 163.7 | 165.9 | 168.1 | 170.4 | 172.3 | 173.9 | 175.8 |
| Other meats | 148.2 | 152.0 | 155.9 | 159.0 | 159.7 | 163.3 | 163.0 | 165.6 | 168.4 | 171.2 | 173.1 | 174.6 | 175.6 |
| Poultry | 157.9 | 159.8 | 163.9 | 165.8 | 167.6 | 169.2 | 170.2 | 171.8 | 174.1 | 177.0 | 179.2 | 181.5 | 183.8 |
| Fish and seafood | 185.3 | 190.4 | 191.0 | 195.8 | 200.7 | 205.7 | 210.8 | 216.1 | 221.5 | 227.0 | 232.7 | 238.5 | 244.5 |
| Eggs | 128.1 | 131.9 | 137.0 | 138.0 | 141.1 | 144.9 | 148.8 | 153.6 | 158.5 | 163.4 | 169.2 | 175.2 | 180.1 |
| Dairy products | 159.6 | 160.7 | 167.0 | 171.5 | 175.5 | 179.5 | 184.0 | 189.0 | 193.0 | 197.5 | 202.5 | 206.5 | 212.0 |
| Fats and oils | 148.3 | 147.5 | 156.0 | 159.6 | 163.4 | 167.5 | 171.8 | 176.3 | 180.6 | 185.1 | 189.9 | 194.5 | 199.6 |
| Fruits and vegetables | 203.1 | 204.6 | 212.0 | 215.7 | 220.0 | 225.8 | 231.7 | 237.8 | 243.8 | 249.9 | 256.0 | 262.2 | 268.5 |
| Sugar and sweets | 152.3 | 154.0 | 155.9 | 158.7 | 162.3 | 163.8 | 166.4 | 169.8 | 173.7 | 178.8 | 181.6 | 186.4 | 190.9 |
| Cereals and bakery products | 185.0 | 188.3 | 193.8 | 197.9 | 202.0 | 207.2 | 211.9 | 217.5 | 224.1 | 230.1 | 236.2 | 242.3 | 248.6 |
| Nonalcoholic beverages | 134.3 | 137.8 | 139.3 | 139.7 | 143.2 | 146.8 | 150.5 | 154.3 | 158.2 | 162.2 | 166.3 | 170.5 | 174.8 |
| Other foods | 168.9 | 172.2 | 176.1 | 179.6 | 183.7 | 188.4 | 193.1 | 198.0 | 202.9 | 207.9 | 213.1 | 218.4 | 223.9 |
| Food expenditures: | | | | | | | | | | | | | |
| | <i>Billion dollars</i> | | | | | | | | | | | | |
| All food | 779.0 | 821.9 | 855.1 | 888.6 | 918.0 | 953.0 | 988.5 | 1,026.1 | 1,065.1 | 1,105.3 | 1,146.0 | 1,188.3 | 1,232.6 |
| Food at home | 414.8 | 436.5 | 450.6 | 463.4 | 476.3 | 493.0 | 509.9 | 527.9 | 546.7 | 565.8 | 584.5 | 603.9 | 624.3 |
| Food away from home | 364.2 | 385.4 | 404.5 | 425.2 | 441.7 | 460.0 | 478.6 | 498.2 | 518.4 | 539.5 | 561.5 | 584.4 | 608.3 |

Table 33. Changes in consumer food prices, baseline

| CPI category | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------------------------|----------------|------|------|------|------|------|------|------|------|------|------|------|------|
| | <i>Percent</i> | | | | | | | | | | | | |
| All food | 2.1 | 2.3 | 3.3 | 2.4 | 1.8 | 2.2 | 1.9 | 2.2 | 2.2 | 2.2 | 2.2 | 2.1 | 2.1 |
| Food away from home | 2.5 | 2.4 | 2.9 | 3.1 | 1.9 | 2.1 | 2.0 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 |
| Food at home | 1.9 | 2.3 | 3.5 | 1.8 | 1.8 | 2.3 | 1.9 | 2.3 | 2.3 | 2.3 | 2.2 | 2.1 | 2.1 |
| Meats | 0.5 | 5.9 | 5.8 | 1.9 | 0.1 | 1.7 | 0.1 | 1.5 | 1.5 | 1.6 | 1.2 | 0.9 | 0.7 |
| Beef and veal | 2.0 | 6.4 | 8.4 | 2.5 | 0.5 | 2.2 | -0.1 | 1.5 | 1.7 | 1.7 | 1.1 | 0.8 | 0.6 |
| Pork | -1.8 | 7.3 | 3.6 | 0.7 | -0.9 | 0.7 | 0.4 | 1.3 | 1.3 | 1.4 | 1.1 | 0.9 | 1.1 |
| Other meats | 1.0 | 2.6 | 2.6 | 2.0 | 0.4 | 2.3 | -0.2 | 1.6 | 1.7 | 1.7 | 1.1 | 0.9 | 0.6 |
| Poultry | 0.5 | 1.2 | 2.6 | 1.2 | 1.1 | 1.0 | 0.6 | 0.9 | 1.3 | 1.7 | 1.2 | 1.3 | 1.3 |
| Fish and seafood | 2.0 | 2.8 | 0.3 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Eggs | -5.4 | 3.0 | 3.9 | 0.7 | 2.2 | 2.7 | 2.7 | 3.2 | 3.2 | 3.1 | 3.5 | 3.5 | 2.8 |
| Dairy products | 5.8 | 0.7 | 3.9 | 2.7 | 2.3 | 2.3 | 2.5 | 2.7 | 2.1 | 2.3 | 2.5 | 2.0 | 2.7 |
| Fats and oils | 1.0 | -0.5 | 5.8 | 2.3 | 2.4 | 2.5 | 2.6 | 2.6 | 2.4 | 2.5 | 2.6 | 2.4 | 2.6 |
| Fruits and vegetables | 2.5 | 0.7 | 3.6 | 1.7 | 2.0 | 2.6 | 2.6 | 2.6 | 2.5 | 2.5 | 2.4 | 2.4 | 2.4 |
| Sugar and sweets | 1.4 | 1.1 | 1.2 | 1.8 | 2.3 | 0.9 | 1.6 | 2.0 | 2.3 | 2.9 | 1.6 | 2.6 | 2.4 |
| Cereals and bakery products | 2.2 | 1.8 | 2.9 | 2.1 | 2.1 | 2.6 | 2.3 | 2.6 | 3.0 | 2.7 | 2.7 | 2.6 | 2.6 |
| Nonalcoholic beverages | 1.0 | 2.6 | 1.1 | 0.3 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Other foods | 2.1 | 2.0 | 2.3 | 2.0 | 2.3 | 2.6 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |